THE STUDY OF RELATIONSHIP BETWEEN THE PRODUCTION VOLUME OF NATURAL RUBBER, THE WAGES OF ESTATE WORKERS AND THE PRODUCTION VOLUME OF SYNTHETIC RUBBER TOWARDS THE PRICE OF THE NATURAL RUBBER

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LETTER OF SUBMISSION

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Dear Sir

SUBMISSION OF PROJECT PAPER (FIN 660)

Attached is the project paper entitle "**A STUDY OF RELATIONSHIP BETWEEN THE PRODUCTION VOLUME OF NATURAL RUBBER, THE WAGES OF ESTATE WORKER AND THE PRODUCTION VOLUME OF SYNTHETIC RUBBER TOWARDS THE PRICE OF THE NATURAL RUBBER**" to fulfill the requirement as needed by the faculty of Business Management, Universiti Teknologi MARA.

Thank you

Yours Faithfully

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ABSTRACT

The purpose of the study is to identify whether the production volume of natural rubber, the wages of estate worker and the production volume of synthetic rubber has a positive or negative relationship with or could be the factor to determine the price of natural rubber. The data is collected on monthly basis taken from January 2000 until October 2005. This study used Simple and Multiple Regression Model to analyze the three variables concerned. From the result, it is shown that the production volume of natural rubber and production volume of synthetic rubber have significant relationship with the price of natural rubber. Then the wages of estate worker has no significant relationship with price of natural rubber. The production volume of synthetic rubber shows the strongest relationship compare to other variables.

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1. INTRODUCTION

In 1876, Sir Henry Wickham, at the request of the India Office, collected and shipped from Brazil 70,000 seeds from the wild rubber tree. These were rushed to Kew Gardens in London and planted in specially prepared hot-houses. The small number, which survived, was taken in 1877 to Ceylon and later to Malaysia and other countries of South-east Asia. Today Malaysia, Indonesia, and Thailand are the major producers of natural rubber, producing around 90% of the world's natural rubber.

The rubber tree quickly flourished in Malaysia; large areas of jungle were cut down and planted with rubber trees. Henry Nicholas Ridley, who was appointed Director of the Singapore botanic gardens in 1888, was one of the pioneers of those times and did perhaps more than anybody to encourage planting of this new crop.

By the end of the nineteenth century there were 2500 hectares of rubber in Asia. Shortly afterwards Henry Ford started making his famous motorcar and the demand for rubber – to make tyres – rocketed. The trees in the South American jungle could not possibly produce enough rubber and so the new plantations of Asia found that the world wanted all the rubber they could produce, and more. By 1910 there were ½ million hectares of rubber planted and the countries of Asia had now become the main suppliers of rubber.

The rubber tree has an economic life cycle of 30-40 years. This can be divided into two main phases, the immature period of five years (previously seven years) from planting to tapping, and the mature period during which the trees are tapped. Although the soil management during these two phases is much the same, there are marked differences in their fertilizer management.